GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:24
ANSWERED ON:25.02.2000
PRIVATISATION OF I.A
REENA CHOUDHARY;SU THIRUNAVUKKARASAR

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have decided to privatize Indian Airlines and Air India by selling 51% of its equity;

(b) if so, the details thereof and the reasons therefore;

(c) the methodology proposed to be adopted for selling equity of these Airlines;

(d) the amount expected to be realized by sale of equity of these Airlines;

(e) whether some associations and Employees Unions have opposed the move of the Government;

(f) if so, the objections raised by these associations/Unions; and

(g) the reaction of the Government thereto?

Answer

MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING AND MINISTER OF STATE C DEJPARTMENT OF DISINVESTMENT OF DISINVESTMENT (SHRI ARUN JAITELY)

(a) & (g): A statement is laid on the Table of the House.

Statement referred to in reply to lok sabha starred question No. 24 regarding Privatisation of I.A. by Smt. Reena Choudhary and Shri Thirunavuka Rasu:

(a), (b) & (c) It has been decided to disinvest 51% of Government held equity in Indian Airlines Ltd. Out of this 2 6% equity may be given to a group of an individual who may be called joint venture/strategic partner. The remaining 25 percent equity would be offered to employees, financial institutions and public.

(d) The amount, realizable from any disinvestment depends on a number of factors including market conditions, financial performance of the company, sale condition etc. It is therefore not possible to estimate the quantum of proceeds from disinvestment.

(e) & (f) Some factions of employees have opposed disinvestment of Indian Airlines. The apprehensions of the employees on the proposal for Disinvestment in Indian Airlines basically relate to issues concerning job security, employee shareholding/wage/benefits/interests and management control.

(h) As per the announced policy of the Government on disinvestment the interest of the workers would be protected in all cases. The Government shall endeavor to protect the legitimate interests of the employees through the MOU/Shareholders Agreement with the strategic partner.